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May 13, 2008

AGENDA ITEM 4

TO: MEMBERS OF THE PERFORMANCE AND COMPENSATION COMMITTEE

I. SUBJECT: Changes in Senior Portfolio Manager and Portfolio Manager Performance Plans

II. PROGRAM: Administration

III. RECOMMENDATION: This is an Information Item

IV. ANALYSIS:

The Chief Executive Officer has been delegated the review of quarterly status reports and approval of changes in performance plans for Senior Portfolio Manager and Portfolio Manager positions. Changes are to be reported through the Performance and Compensation Committee to the Board.

The purpose of this item is to report a change that the Chief Investment Officer and the Chief Executive Officer have approved in the performance plan of one Portfolio Manager. The change does not delay the completion of any performance measure beyond the end of the fiscal year, and is summarized in the attachment to this item.

In accordance with the program policies and procedures, the change of this quantitative measure has been reviewed for clarity by the investment consultant. The incumbent has been made aware of the change.

V. STRATEGIC PLAN:

Under Goal V of the Strategic Plan, CalPERS is committed to sustaining a high performance work culture. This can be accomplished at the highest executive levels through the establishment of methods that provide broad flexibility in the recruitment, retention and compensation of key personnel.

VI. RESULTS/COSTS:

The establishment of incentive plan performance measures is critical to the management of a competitive compensation program for executives at the highest levels of the organization. This, in turn, is critical to the success of the organization. The cost of performance awards that might arise from the recommendations in this item will be funded from existing resources.

Chris O'Brien, Chief
Human Resources Division

Gloria Moore Andrews
Deputy Executive Officer - Operations

Attachment

**Summary of Approved Changes in the Performance Plans
of Senior Portfolio Managers and Portfolio Managers**
Third Quarter, 2007-2008 Fiscal Year

Position	Change and Reason
Portfolio Manager, US Government Securities	Adjustment made in the weight of the <i>CalPERS Internal Governments</i> factor to accommodate the addition of the <i>Inflation-Linked Bond Fund</i> performance measure to the <i>Other Managed Fixed Income Funds</i> factor.